



CITY OF HOUSTON

Strategic Purchasing Division
Finance and Administration Department

Bill White
Mayor

Calvin D. Wells
City Purchasing Agent
P.O. Box 1562
Houston, Texas 77251-1562

F. 713.247.1811
www.houstontx.gov/purchasing

September 12, 2007

SUBJECT: Letter of Clarification 1

CHECK PROCESSING VALIDATION, IMAGING SERVICES AND ATM CONCESSION SERVICES

REFERENCE: Request for Proposal No.: **S37-T22593**

TO: All Prospective Proposers:

This Letter of Clarification is issued for the following reasons:

- **THE PROPOSAL DUE DATE IS BEING EXTENDED FROM SEPTEMBER 28 UNTIL FRIDAY, OCTOBER 5, 2007.**
Proposals will be received at the City Secretary's office City Hall Annex, Public Level, 900 Bagby, Houston, Texas 77002 until 2:00 P.M.
- **To revise the above-referenced solicitation as follows:**

Page 18, Section 1.0, Introduction, under PART I. CHECK PROCESSING VALIDATION & IMAGING SERVICES:

*1.1.2 Check Validation and Conversion option to ACH Electronic Draft Capability is another key service and product the MCAD would need to or insufficient fund checks that are costly to the City and time consuming. MCAD would like the flexibility to provide threshold amounts for consideration for check validation or conversion options **should be revised to read as follows:***

1.1.2 Check Validation and Conversion option to ACH Electronic Draft Capability is another key service and product the MCAD would need to ensure that the ability to collect payment/revenues is done in the most efficient and secure manner thereby reducing the possibility of fraudulent or insufficient fund checks that are costly to the City and time consuming. MCAD would like the flexibility to provide threshold amounts for consideration for check validation or conversion options.

Page 21, Section 3.1, Services, under PART III. ATM SERVICES:

*3.1.1 ATM Provider shall be a member of at least one national network, such as Cirrus or Plus and one regional network, such as Pulse **should be revised to read as follows:***

3.1.1 ATM Provider may be a member of at least one national network, such as Cirrus or Plus and one regional network, such as Pulse.

*3.1.2 ATM Provider shall be Federal Deposit Insurance Corporation (FDIC) insured **should be revised to read as follows:***

3.1.2 ATM Provider may be Federal Deposit Insurance Corporation (FDIC) insured.

• **The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Proposal:**

1. We cannot ship DHL to a PO Box. Will the 33 West State Street address get the submission to the correct department?

Answer: Proposals should be sent to the City Secretary's Office, City Hall Annex, Public Level, 900 Bagby, Houston, Texas 77002.

2. What is the anticipated date of notification of contract award?

Answer: The date is listed on page 17 of the proposal in the Schedule. It is estimated to be sometime in December, 2007 but this is a rough estimate.

3. Who is your depository bank(s)?

Answer: *Wells Fargo*

4. Do you require funding deposits to be allocated to multi-bank accounts or will all deposits be made to one bank account?

Answer: *No, one bank; two accounts.*

5. Under verification, do you require that the provider selected perform the specific verification steps listed or are you simply seeking assurance that "approved checks" will be not returned NSF to the City of Houston?

Answer: *Assurance that "approved checks" will not be returned "NSF" to the City of Houston.*

6. Will you entertain both single side or dual side imaging of the check if single side provides a cost savings to the City of Houston?

Answer: *We strongly prefer both sides, but, ultimately, it depends upon potential savings.*

7. Is there a purpose for asking for dual side imaging?

Answer: *Yes. Currently, we put a deposit stamp with a tracking number on the back.*

8. What is your average check size?

Answer: *Personal check size.*

9. How many NSF did you have last year? What was the total dollar return check amount?

Answer: *373 for \$146,344.27.*

10. What operating systems are the PCs that will need to use the software running? What is the minimum configuration?

Answer: *Windows 2000 and above; 866 MHz; 256 Meg RAM.*

11. What is your accounts receivable software?

Answer: *SAP and CourtView. Fines are tracked rather than accounts receivable.*

12. Do you want integration with the accounts receivable software? If yes, describe the process flow you envision for the check acceptance policy.

Answer: *We do not have accounts receivable. We collect fines but they never enter into receivables.*

13. Can RFP response be separated to single product response, i.e., one submission for check verification and imaging and one for ATM services?

Answer: *Yes.*

14. How many check imagers will you need?

Answer: *One imager; 32 validators.*

15. Will the city need to deposit checks into multi-depository banks or a single depository bank?

Answer: *Single depository bank.*

16. Will the city need to deposit into different banks from the single check imaging unit?

Answer: *Single bank.*

17. Please verify that the City of Houston is looking for full check guarantee product so City can eliminate all the NSF's, save on labor cost, banking fees and streamline check acceptance process.

Answer: *The statement is correct.*

18. When the City says 'check verification' do you mean just verification or do you also want 'check guarantee' services from the selected provider.

Answer: *Check guarantee.*

19. Provide clarification on the requirements for Check Scanning and Record Retention/Management? Does this section refer to lockbox services or remote check capture?

Answer: *We would like the proposers' best options and recommendations for these requirements as an RFP gives the proposer flexibility to recommend its solutions/software. Lockbox service is probably a Phase II project but definitely an important part which should be included.*

20. Is MCAD requesting remote check capture with back-office conversion (BOC) services for the additional locations or a traditional lockbox, with payments sent directly to a p.o. box the bank will process on behalf of the City?

Answer: *Yes, but this would be later in Phase II, about 18 months after implementation of Phase I.*

21. Provide a sample of each remittance type?

Answer: *Not at this time.*

22. Provide foot-traffic for the Main Courthouse and satellite locations?

Answer: *We do not have foot traffic information but there are 1.2 to 1.4 million citations issued annually.*

23. Would the City consider offering more visible locations with 24 hour accessibility such as city parking lots, locations in the tunnel system that may be owned by the city or other high pedestrian areas that would generate higher volumes?

Answer: *No, it must be located on-site.*

24. Provide current deposit volumes. It is our recommendation that accepting deposits is not necessary at this type of establishment and adds high additional operating costs for the banks.

Answer: *This functionality, Accept Deposits, can be waived.*

25. If multiple denominations are not supported will the participating bank still be considered?

Answer: *Yes. We would prefer two denominations, \$10 and \$20, but a single denomination could be acceptable.*

26. How many locations do you have?

Answer: *Currently, there are seven (7) locations: Westside(Dairy Ashford), Clear Lake, Kingwood, Acres Homes(North Command), Mykawa, Lubbock and the Convention & Entertainment Center.*

27. What are your total annual sales?

Answer: *This information is either not available or is not being provided at this time.*

28. What are your total annual check sales?

Answer: *This information is either not available or is not being provided at this time.*

29. What are the number of checks accepted?

Answer: *This information is either not available or is not being provided at this time.*

30. What is the average check amount?

Answer: *This information is either not available or is not being provided at this time.*

31. What is the number of registers per location?

Answer: *32 total for validation; one for imaging.*

32. What is your check acceptance method?

IN PERSON ?
THROUGH MAIL ?
BOTH?

Answer: Both.

33. What is the number of depository relationships?

Answer: One bank.

34. What is the number of deposits per week per location?

Answer: Five from one location only.

35. What is the average deposit fees per check? Per slip?

Answer: This information is either not available or is not being provided at this time.

36. What is the number of returned items monthly for checks?

Answer: It averages 31.

37. What is the total monthly value of returned items?

Answer: \$12,195.36.

38. What is the average value per returned item?

Answer: This information is either not available or is not being provided at this time.

39. What was the total annual check writeoff in 2006?

Answer: This information is either not available or is not being provided at this time.

40. What is the fee per returned item?

Answer: This information is either not available or is not being provided at this time.

41. What is the encoding fee per item?

Answer: This information is either not available or is not being provided at this time.

42. Are there any additional banking fees associated with accepting checks?

Answer: This information is either not available or is not being provided at this time.

43. Type of Electronic Payment System
Stand-Alone Terminal
Integrated POS

Answer: *We don't understand the question. We currently have no electronic payment system other than credit cards. Additional clarification is needed in order to answer this question.*

44. What is the Make/Model of your POS System?

Answer: *The Municipal Courts does not have a POS system.*

45. What is the Name/Make/Model of your Printer?

Answer: *We only have a receipt printer.*

46. What is the name of your software vendor?

Answer: *CourtView.*

47. Do you have a PC available at the register or in the cash office?

Answer: *Both.*

48. Do you use a third-party check service? If yes, please name.

Answer: *No.*

49. Do you subscribe to a check guarantee service? If so, what is the cost of the service?

Answer: *No.*

50. What percent of checks are declined?

Answer: *None unless it is a temporary check without identifying information issued to a new bank account.*

51. What is your experience with non-compliant items?

Answer: *This information is either not available or is not being provided at this time.*

52. Do you utilize RCK? If so, who are you using?

Answer: *This information is either not available or is not being provided at this time.*

53. What are your fees for RCK?

Answer: *This information is either not available or is not being provided at this time.*

54. What is your return fee for RCK?

Answer: *This information is either not available or is not being provided at this time.*

55. Please describe any additional fees associated with this process.

Answer: *This information is either not available or is not being provided at this time.*

56. Which of the following best describes your returned item processing?

1. Returned to Corporate Headquarters
2. Deposited once
3. Deposited twice
4. Use Collection Agency

Answer: *Returned to Corporate Headquarters and Deposited once.*

57. Do you currently accept payroll checks? If so, what is your current process?

Answer: *No.*

58. If you use a Collection Service, please describe your current process.

Answer: *This information is either not available or is not being provided at this time.*

59. If you use a Collection Service, please describe fees.

Answer: *This information is either not available or is not being provided at this time.*

60. Please itemize various service fees.

Answer: *This information is either not available or is not being provided at this time.*

61. Please itemize any "soft" internal costs for collections.

Answer: *This information is either not available or is not being provided at this time.*

62. You request "assistance" with lock box services. Is the request to help MCAD set-up its own lock box operation or are you wanting a vendor to run MCAD payments through an existing, vendor-owned and operated lock box?

Answer: *We would like the proposers' best options and recommendations for these requirements as an RFP gives the proposer flexibility to recommend its solutions/software. The decision will be determined depending on cost, procedure, etc.*

63. Would you accept responses to Phase I of Part I only, and not Part II of Phase I?

Answer: *Yes.*

66. Do you want optical character recognition (OCR) with the scanning?

Answer: *No.*

When issued, Letter(s) of Clarification shall automatically become a part of the bid documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. It is the responsibility of the bidders to ensure that they have obtained any such previous Letter(s) associated with this solicitation. By submitting a bid on this project, bidders shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this bid.

If you have any questions or if further clarification is needed regarding this Request for Proposal, please contact me.

Sincerely,



Joyce A. Hays
Sr. Procurement Specialist
High Technology Procurement
Department of Finance & Administration
City of Houston
P.O. Box 1562
Houston, Texas 77251-1562
T. 713.247.1802 F. 713.247.3039
E-mail: Joyce.Hays@cityofhouston.net



Attached Revised Pages 18, 19, 21,

SECTION II.

SCOPE OF WORK

GENERAL

The City of Houston, Municipal Courts Administration Department (MCAD) has experienced a recent change in business processes and efficiency improvements. MCAD is seeking the following products and services:

Check Scanning and Record Retention/ Management
Check Validation and Conversion option to ACH Electronic Draft Capability
ATM Installations

The Municipal Courts Administration Department (MCAD) desires to enter into a contractual arrangement with a single established and responsible company to provide the above-mentioned services. However, the City also reserves the right to separate the services set out in this RFP for award of more than one contract.

For all of the above services cited herein, MCAD is seeking equipment and services that are of the highest quality and that utilize the most recent technological advances.

Proposals are requested from all interested and qualified Proposers capable of providing a complete solution for the Municipal Courts Administration Department at the Main Courthouse, and other Court locations. Please provide a proposal for placement of equipment clearly indicating fees being proposed.

PART I CHECK PROCESSING VALIDATION and IMAGING SERVICES

1.0 INTRODUCTION

1.1 Phase I Services:

The City of Houston, Municipal Courts Administration Department (MCAD) is the largest municipal court in the state of Texas and the fourth largest in America with over 1.4 million citations written annually and revenues yielding approximately \$40 million annually. Given the recent change in business processes and efficiency improvements, MCAD is seeking the following products and services:

- 1.1.1 **Check Scanning and Record Retention/ Management** to ensure that the department can retain an image of the front and back of the check (for proof of payment) as well as to achieve the most efficient archival methodology in order to reduce storage space and enhance data accessibility.
- 1.1.2 **Check Validation and Conversion option to ACH Electronic Draft Capability** is another key service and product the MCAD would need to ensure that the ability to collect payment/revenues is done in the most efficient and secure manner thereby reducing the possibility of fraudulent

Revised 09/14/07

or insufficient fund checks that are costly to the City and time consuming. MCAD would like the flexibility to provide threshold amounts for consideration for check validation or conversion options.

1.2 Phase II Services:

Within the next 18 to 24 months, MCAD would like to have assistance with **Lock Box** services for all major court/ satellite locations. For the initial service implementation, MCAD will identify at least (2) satellite court locations, in addition to 1400 Lubbock, its hub court location. Front end processing through the Municipal Courts case management system as well as processes/procedures required on behalf of the Chief Clerk will need to be defined and a systematic work flow detail with a vendor/financial institution that is flexible, has a proven track record for assisting the customer with implementation and providing thorough training/internal controls both on site and demonstration site are important.

2.0 DEFINITIONS

- 2.1 "City" shall mean the City of Houston.
- 2.2 "Contract Administrator" shall mean the Chief Clerk of the Municipal Courts - Administration or her designee.
- 2.3 "Courts" shall be defined as the Municipal Courts located at 1400 Lubbock Street, Houston, Texas 77002 or any other designated satellite Court location.
- 2.4 "Services" shall mean payment processing services to include check verification, check conversion and Automated Clearing House (ACH) check processing.

3.0 PAYMENT PROCESSING SERVICES

- 3.1 The Services should offer on-line viewing of checks to allow research of returned items.
- 3.2 The Services should offer on-line reporting and monthly activity statements.
- 3.3 Checks should be electronically deposited.
- 3.4 The Services should allow for automatic settlement of funds.
- 3.5 The Services should provide "Real Time" check verification information.
- 3.6 The Services should identify negative data and potential fraud accounts.
- 3.7 The Services should identify the current status of a checking account as of the opening of that banking business day as well as:
 - 3.7.1 Is the account open;
 - 3.7.2 Is the account closed;
 - 3.7.3 Is the account in an NSF balance;

Revised 09/14/07

- 2.4 One ATM is currently provided at the following location:

| City Department | ATM Location |
|---------------------------------------|--|
| Municipal Courts Administration Dept. | Main Courthouse 1400 Lubbock Houston, Texas 77002-1553 |

Recent ATM transactions history is shown in **ATTACHMENT B**.

- 2.5.1 THIS DATA IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND SHALL, IN NO WAY, RELIEVE THE ATM PROVIDER FROM THE RESPONSIBILITY OF DETERMINING FOR ITSELF THE BUSINESS POTENTIAL OF THE PROPOSED ATM CONCESSION.

Part III ATM SERVICES - MINIMUM SERVICE AND OPERATIONAL REQUIREMENTS

3.1 SERVICES

- 3.1.1 ATM Provider may be a member of at least one national network, such as Cirrus or Plus and one regional network, such as Pulse.
- 3.1.2 ATM Provider may be Federal Deposit Insurance Corporation (FDIC) insured.
- 3.1.3 ATM Provider shall provide complete data processing of ATM transactions including communication, routing, authorizing, settlement, etc.
- 3.1.4 ATM Provider shall provide systems monitoring, diagnostics, and service dispatch.
- 3.1.5 ATMs shall support the following transaction types in both English and Spanish:
- 3.1.5.1 Cash withdrawal from credit card account
 - 3.1.5.2 Cash withdrawal from checking account
 - 3.1.5.3 Cash withdrawal from savings account
 - 3.1.5.4 Accept deposits
 - 3.1.5.5 Transfers from checking to savings
 - 3.1.5.6 Transfers from savings to checking
 - 3.1.5.7 Balance inquiry from checking
 - 3.1.5.8 Balance inquiry from savings
- 3.1.6 ATM Provider shall provide complete data processing of ATM transactions including communication, routing, authorizations, settlement, etc.
- 3.1.7 ATM Provider shall provide systems monitoring, diagnostics, and service dispatch.

Revised 09/14/07